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Washington LABOR MARKET

Washington State
Employment Security

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In cooperation with the
Employment and Training
Administration
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Highlights

March Comes In Like A Large Carnivorous Feline

Despite the veritable instant replay of February's snowstorm, March proved to be much more conducive to job growth in Washington state. Unlike February, the weather moderated towards mid-month spurring traditional outdoor activities. The number of unemployed fell by 10,500 and the jobless rate declined one-half a percentage point to reach 6.3 percent; one has to search back 20 years to find a comparable February figure.

Resident employment jumped 39,700 between February and March and 98,600 since last March. Roughly half of the monthly gain can be tied to typical monthly employment patterns, the remainder resulted from solid economic growth. Even agricultural activity rebounded, but not without concern for crop damage that resulted from this winter's two major storms.

Volume 13, Number 4

	Mar. 1989 (Prel.)	Feb. 1989 (Rev.)	Mar. 1988
Civilian Labor Force	2,350,800	2,321,600	2,260,600
Total Employment	2,202,500	2,162,800	2,103,900
Total Unemployment	148,300	158,800	156,700
State Unemployment Rate	6.3%	6.8%	6.9%
National Civilian Unemployment Rate	5.2%	5.6%	5.9%

INDUSTRY DEVELOPMENTS

Services Dominate Growth

Nonagricultural wage and salary employment rose 20,800 between February and March. Over one-quarter of this gain was in the services division. Both business and health services continued to show strength. Within business services the strongest showing was in personnel supply firms. Many businesses prefer temporary workers to fill their short-term needs. In addition, many workers prefer the greater flexibility of working for a number of businesses through such firms. Growth of health care payrolls has slowed relative to historical trends, but is still strong relative to other industries. In keeping with current trends, over 80 percent of new health care jobs created in March were in non-hospital establishments.

Trade On Track

Wholesale and retail trade rebounded after its post-holiday slump in February. Higher interest rates have yet to work their way down to the consumer level - when they do we might see a slowdown in consumer purchases and employment growth. Much of the increase in retail jobs appears to be across-the-board except for apparel and accessory stores - continued expansion of "warehouse" type outlets could be taking some customers away from traditional merchants. Building supply retailers also bounced back from the unusually slow February.

Of course eating and drinking establishments lead all retail industries in new jobs added. An interesting development within the restaurant business is the current effort to attract the now-elusive young workers; multimedia

advertising to recruit workers, higher wages and increased benefits are now commonplace.

Construction On The Bubble?

Construction activity also reported a healthy over-the-month surge. Again, March represented the return to a more normal level of activity following the unusual snow-and-cold slowdown in February. Though March was extremely wet, the rainy conditions were not as detrimental to construction as were the previous month's freezing conditions. In a related industry - stone-clay-glass products - concrete and redi-mix firms added workers to keep up with the construction activity.

Watch out for a modest construction slowdown resulting from higher interest. Rates have climbed steadily for the past several months. At this point the the Federal Home Loan Mortgage Corporation backed fixed rate mortgages are up to 10.9 percent. Though many economists feel the surge will be short-lived, the primary function of the rising rates is to slow economic activity and thereby squelch inflationary expectations.

Education Tops Government

Government payroll jumped during March, particularly among nonclassified staff at local education facilities. Teachers are considered employed year-round, so much of the month-to-month fluctuation at school districts is a result of demand for those in nonteaching positions.

Goods Doing Well

Manufacturing continued to show some depth beyond the now-expected aerospace gains. Over half of the February to March increases were in industries other than aerospace. Once the trees thawed, logging operations resumed, as did other wood products activities. Even though regional residential construction markets are soft, demand for logs is still strong on the export side of the equation.

Plenty Of Paper Gives Cause For Pause

In a move countering long-term trends, paper and allied products recorded a job loss between February and March. Both political campaigns and Christmas gift wrapping can explain the unusually high cyclical and seasonal demand of last quarter. At this point there has also been talk of a newsprint glut in the paper markets adding to the downward pressure on paper manufacturing payrolls.

Food products firms averaged a positive over-the-month gain, however the detail was mixed. Meat products establishments felt a drop in demand while fruit and vegetable canning operations and fish and seafood producers increased staff.

Workers Counted Elsewhere

Though employment in Aerospace climbed another 1,200 by official counts, the actual increase was much greater. Because Boeing borrowed 670 workers from Lockheed, they have not been picked up in official tallies as they are still officially on-payroll at Lockheed.

Manufacturing Keeps Pace

Total wage and salary employment grew 5 percent in Washington from last March. In a move counter to trends of the last decade, manufacturing, registering a 5.4 percent gain, outpaced the industry-wide average. As you probably suspected, it was aerospace pulling up the average by posting a 10.6 percent over-the-year surge. Other transportation equipment has not fared near as well as aerospace. While many area boatbuilders pride themselves on selling their products to the upper-end of the market, it looks as though rising interest rates have taken a toll, at least in the near-term. Machinery payrolls, up 7.4 percent, also surpassed the average. Thanks to increased plant capacity nationwide, and a more competitively valued dollar on foreign exchange markets, the demand for both electrical and non-electrical machinery has rebounded.

Potlines On-line

Primary metals is also grabbing onto the coattails of a favorable dollar; jobs on the potlines and at the mills have reported a 6.5 percent increase over the year.

Predictions Premature

The only manufacturing industry to display long-term weakness is chemicals and allied products. Though some of the early precipitous predictions of job-losses from the N-Reactor closure have proven to be premature, the long-term picture still looks a tad bleak. The most telling development about the predictions is that the WPPSS shut-down of the early 80s' was used as a model to estimate increased unemployment insurance claims and welfare caseloads. However, many of those released as a result of the N-Reactor closure were highly trained professional and technical workers with easily marketable skills. They were given plenty of warning, and the economy was booming.

The WPPSS shutdown involved craft and construction workers, given virtually no official warning, and the economy was in a recession. As a result, last year's expected increased demand on Tri-Cities social services agencies never arose.

AREA TRENDS

March Back In Line

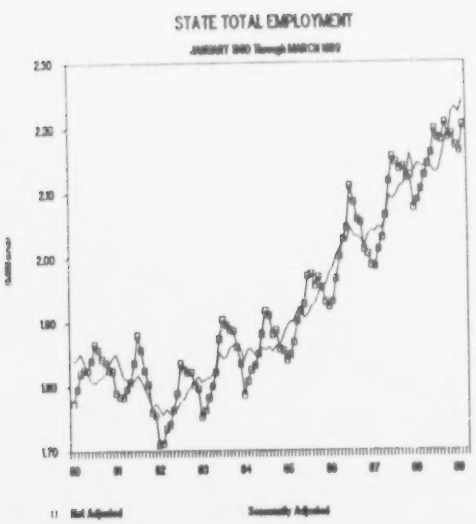
Because Washington's unusually severe February weather pushed up the jobless rate an unusual amount, it is no surprise that the March unemployment rate fell one-half a percentage point. However, several labor market areas did not keep in step with the state average. The north central and northeast labor areas (Wenatchee, Okanogan, Stevens, Ferry and Pend Oreille) all recorded increased joblessness between February and March. In four of these areas, resident employment did improve in March; apparently more workers entered these labor markets than could be readily absorbed.

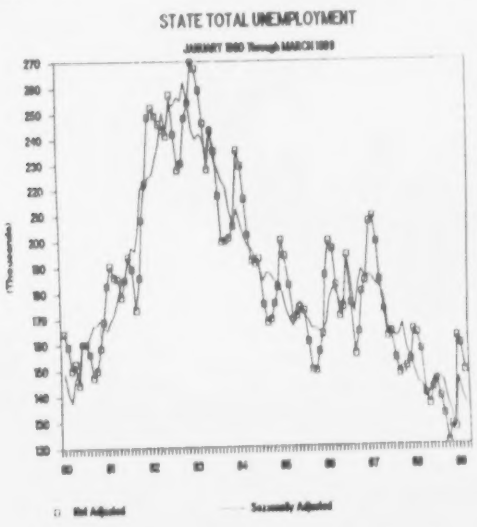
A Rising Tide Raises All Boats

Despite the below average showing of the aforementioned areas, the average jobless rate east of the mountains fell a dramatic eight-tenths of a point to reach 9.3 percent. On the west side of the state, unemployment fell an average five-tenths of a point to 5.5 percent.

Bird Yes, Loggers No...

Areas with a high concentration of logging and lumber jobs have had a much higher jobless rate - 10 percent in March. With the Spotted Owl controversy coming to a head, and concerns over the closure of selected forest regions to logging, these rates could be much higher in the near future.





Metro Areas On A Fast Track

If you can handle the traffic, the Seattle area is the place to be - reporting only 4.6 percent unemployment in March, the lowest rate amongst the metropolitan areas. The Bremerton MSA, with its plethora of military installations, posted a 5.1 percent rate - the second lowest metropolitan rate. The average jobless rate for all metro areas fell four-tenths of a point over the month to average 5.7 percent.

INDUSTRY NOTES

Boeing Battles Budget

While Boeing continues to benefit from high demand for new jetliners to replace aging airline fleets, they are also having to grapple with military cutbacks. Two helicopter projects - the Osprey tilt-rotor aircraft and the advanced LHX helicopter are likely candidates to be cut back or canceled. In order for the Federal government to meet its budget goals it has had to cut $6.3 billion from the 1990 defense budget. It is such events that are leading to a major strategy re-evaluation at Boeing; their military business has not been as profitable as has their commercial aircraft operations.

Boeing Has "Luck O The Irish"

On the plus side, in April Boeing landed the largest jetliner order ever - 182 planes worth $9.4 billion - from GPA Ltd., an Irish leasing company. Boeing's backlog of orders now stands at 1,324 planes valued at $64 billion.

PACCAR Grabs 1st Place

Another of Washington's transportation equipment manufacturers is also starting to display some dominance. PACCAR, builder of Kenworth and Peterbilt heavy trucks, sold 8,328 trucks in the first three months of 1989. Not only did they capture 23.9 percent of the market, but they wrested 1st place in sales away from Navistar, their nearest rival.

NATIONAL ECONOMIC INDICATORS

Pace Slows

Though nonfarm employment in Washington increased 5 percent over the year, at the national level wage and salary employment grew 2.7 percent. While the national economy has showed signs of slowing, in comparison the Washington economy appears to be going strong.

Future Appears Slower

This slowing is expected to continue in the coming months. The Index of Leading Indicators, the government principal economic forecasting gauge, fell in March - the second month in a row. The conventional wisdom says that a three consecutive month decline is the sign of a recession. Nine of the 11 components in the index fell in March; only plant and equipment orders and materials prices were positive.

Cheaper Here

It appears that first-time homebuyers in the Seattle-Tacoma area pay about $200 less per month than the U.S. average. According to a survey of 18 housing markets across the country by Chicago Title and Trust Co., Seattle-Tacoma homebuyers pay an average $729 per month compared with the national average of $929. In addition, local buyers needed less time to save for a down payment.

CONSUMER PRICE INDEX
(All Items, Urban Consumers, 1982-1984=100)

	INDEXES			PERCENT CHANGE Year Ending	
	Mar. 1989	Feb. 1989	Mar. 1988	Mar. 1989	Feb. 1989
U.S. City Average	122.3	121.6	116.5	5.0	4.8
	July-Dec. 1988	July-Dec. 1987		July-Dec. '87 to July-Dec. '88	
Seattle*	113.8	110.3		3.2	

* The index for Seattle reflects prices in King, Pierce and Snohomish counties.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

NONAGRICULTURAL WAGE & SALARY WORKERS IN WASHINGTON STATE, PLACE OF WORK 1/

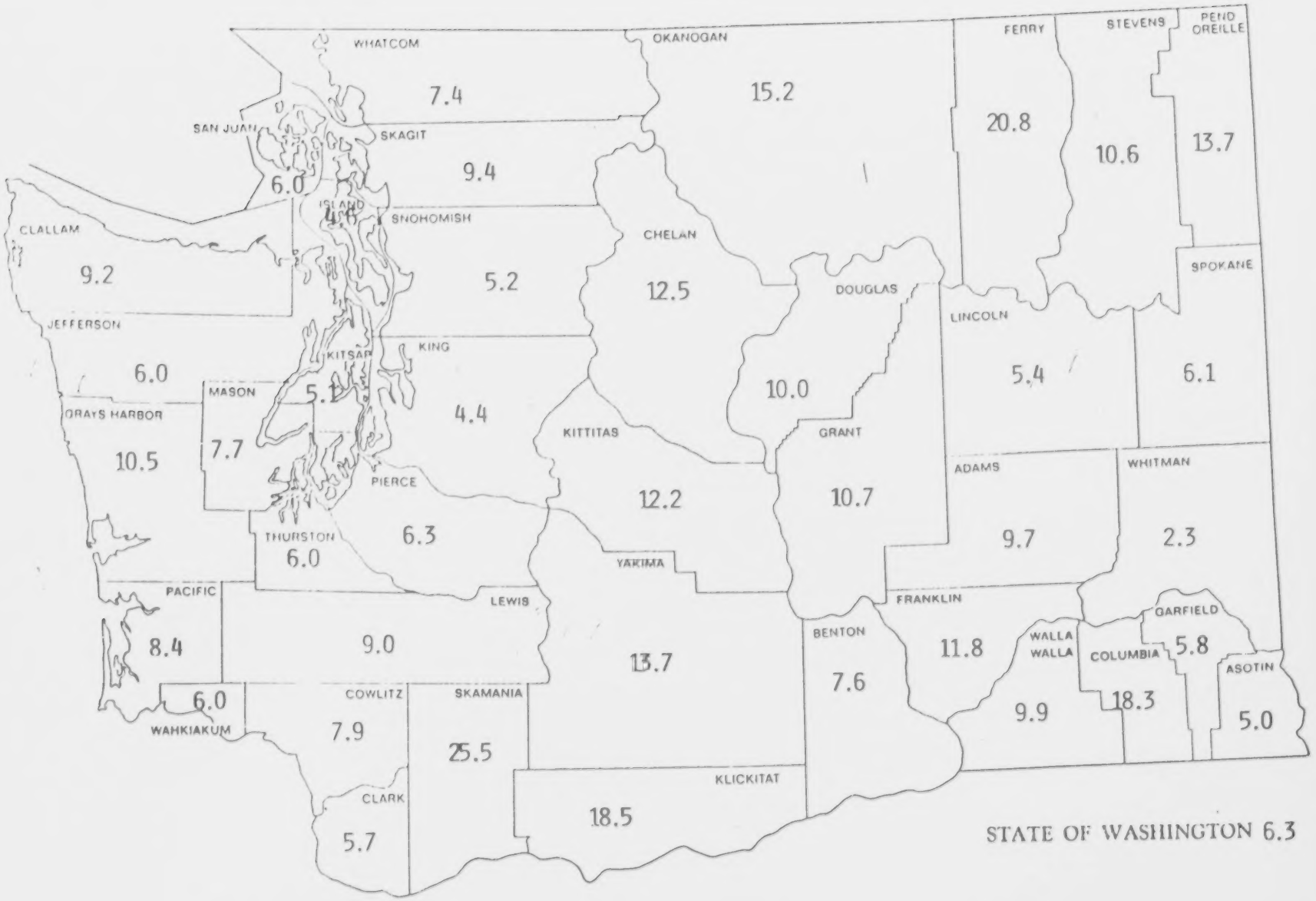
(In Thousands)

NOT SEASONALLY ADJUSTED Industry	March 1989 (PREL)	February 1989 (REV)	March 1988 (REV)	February 1988 (REV)	Numerical Change Feb 1989 to Mar 1989	Numerical Change Mar 1988 to Mar 1989
TOTAL NONAG WAGE AND SALARY	1,981.6	1,960.8	1,886.5	1,867.4	20.8	95.1
MANUFACTURING	347.3	344.8	329.6	326.8	2.5	17.7
Durable Goods	251.8	249.6	234.8	233.6	2.2	17.0
Lumber and Wood Products	41.3	40.8	40.2 3/	40.0	0.5	1.1
Furniture and Fixtures	4.2	4.2	4.1	4.0	0.0	0.1
Stone, Clay and Glass	7.3	7.1	7.2	6.9	0.2	0.1
Primary Metals	13.2	13.2	12.4	12.2	0.0	0.8
Aluminum	8.8	8.8	8.4	8.2	0.0	0.4
Fabricated Metals	11.0	11.0	10.3	10.3	0.0	0.7
Machinery	33.3	33.0	31.0	30.8	0.3	2.3
Machinery (Except Electrical)	19.1	18.9	17.7	17.5	0.2	1.4
Electrical Equipment	14.2	14.1	13.3	13.3	0.1	0.9
Transportation Equipment	123.9	122.8	113.3	113.3	1.1	10.6
Aerospace	109.1	107.9	98.6	98.4	1.2	10.5
Other Transp. Equipment	14.8	14.9	14.7	14.9	-0.1	0.1
Instruments and Related	11.8	11.8	11.2	11.1	0.0	0.6
Misc Manufacturing	5.8	5.7	5.1	5.0	0.1	0.7
Nondurable Goods	95.5	95.2	94.8	93.2	0.3	0.7
Food and Kindred Products	30.8	30.5	30.7	29.7	0.3	0.1
Canned and Preserved Foods	10.2	10.1	10.2	9.6	0.1	0.0
Apparel and Allied Products	6.1	6.1	5.9	5.7	0.0	0.2
Paper and Allied Products	16.7	16.9	16.7	16.6	-0.2	0.0
Printing and Publishing	21.9	21.8	21.0	20.9	0.1	0.9
Chemicals and Allied Products	10.1	10.1	11.2	11.2	0.0	-1.1
Other Nondurable Goods 2/	9.9	9.8	9.3	9.1	0.1	0.6
MINING and QUARRYING	3.4	3.2	3.2	3.0	0.2	0.2
CONSTRUCTION	95.0	90.6	87.2	84.0	4.4	7.8
TRANSP.,COMM. and UTIL.	102.9	102.2	98.8	97.8	0.7	4.1
WHOLESALE and RETAIL TRADE	479.8	475.3	457.6 3/	452.9	4.5	22.2
Wholesale Trade	116.8	116.2	111.5	109.9	0.6	5.3
Retail Trade	363.0	359.1	346.1 3/	343.0	3.9	16.9
FIN. INS. and REAL ESTATE	112.2	111.6	107.8	107.1	0.6	4.4
SERVICES	460.0	454.7	433.7	428.1	5.3	26.3
Health Services	137.1	136.0	132.1	130.5	1.1	5.0
GOVERNMENT	381.0	378.4	368.6	367.7	2.6	12.4
Federal	71.3	71.1	70.1	69.7	0.2	1.2
State and Local	309.7	307.3	298.5	298.0	2.4	11.2
Education	168.9	167.4	163.6	162.9	1.5	5.3
WORKERS IN LABOR-MANAGEMENT DISPUTES	0.0	0.0	0.2	0.0	0.0	-0.2

1/ Excludes proprietors, self-employed, members of armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month.

2/ Includes textile mill products, rubber and miscellaneous plastic products, petroleum refining and related products, and leather products.

3/ Workers excluded because of involvement in labor-management disputes.


WHATCOM
7.4
OKANOGAN
15.2
FERRY
20.8
STEVENS
10.6
PEND OREILLE
13.7
SAN JUAN
6.0
SKAGIT
9.4
ISLAND
4.6
SNOHOMISH
5.2
CLALLAM
9.2
CHELAN
12.5
DOUGLAS
10.0
SPOKANE
LINCOLN
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JEFFERSON
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KITSAP
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KING
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MASON
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GRAYS HARBOR
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KITTITAS
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GRANT
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ADAMS
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WHITMAN
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PIERCE
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THURSTON
6.0
YAKIMA
13.7
FRANKLIN
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BENTON
7.6
GARFIELD
5.8
WALLA WALLA
9.9
COLUMBIA
18.3
ASOTIN
5.0
PACIFIC
8.4
LEWIS
9.0
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WAHKIAKUM
COWLITZ
7.9
SKAMANIA
25.5
CLARK
5.7
KLICKITAT
18.5
STATE OF WASHINGTON 6.3

Washington State
Employment Security Department
Labor Market and Economic Analysis Branch

RESIDENT LABOR FORCE AND EMPLOYMENT IN WASHINGTON STATE AND LABOR MARKET AREAS

DATE 5/2/89
Benchmark: 1988

(Not Seasonally Adjusted)

	MARCH 1989 PRELIMINARY 1/				FEBRUARY 1989 REVISED 1/				MARCH 1988 REVISED 1/			
	Labor Force	Employment	Unemployment	Unemp. Rate	Labor Force	Employment	Unemployment	Unemp. Rate	Labor Force	Employment	Unemployment	Unemp. Rate
Washington State total	2,350,800	2,202,500	148,300	6.3	2,321,600	2,162,800	158,800	6.8	2,260,600	2,103,900	156,700	6.9
Bellingham MSA	59,600	55,200	4,400	7.4	58,100	53,300	4,800	8.3	58,400	53,600	4,800	8.2
Bremerton MSA	77,200	73,300	3,900	5.1	76,300	72,300	4,000	5.2	74,500	70,000	4,500	6.0
Olympia MSA	78,700	74,000	4,700	6.0	77,900	72,700	5,200	6.7	74,400	69,500	4,900	6.6
Seattle PMSA	1,063,800	1,015,100	48,700	4.6	1,051,900	1,000,400	51,500	4.9	1,013,700	959,500	54,200	5.3
King County 2/	840,900	803,700	37,200	4.4	830,400	792,100	38,300	4.6	800,900	759,700	41,200	5.1
Snohomish County 2/	222,800	211,300	11,500	5.2	221,500	208,300	13,200	6.0	212,800	199,800	13,000	6.1
Spokane MSA	169,700	159,400	10,300	6.1	167,100	156,100	11,000	6.6	165,000	153,600	11,400	6.9
Tacoma PMSA	250,800	235,100	15,700	6.3	248,400	232,200	16,200	6.5	238,800	222,500	16,300	6.8
Tri-Cities MSA	65,100	59,500	5,600	8.6	64,500	58,000	6,500	10.1	65,800	59,700	6,100	9.3
Benton County 2/	49,800	46,000	3,800	7.6	49,000	44,800	4,200	8.6	50,400	46,100	4,300	8.5
Franklin County 2/	15,300	13,500	1,800	11.8	15,400	13,200	2,200	14.3	15,400	13,600	1,800	11.7
Vancouver PMSA	117,500	110,800	6,700	5.7	115,400	108,600	6,800	5.9	112,800	105,700	7,100	6.3
Yakima MSA	88,200	76,100	12,100	13.7	88,200	74,900	13,300	15.1	87,800	76,600	11,200	12.8
Adams	6,320	5,710	610	9.7	6,200	5,360	840	13.5	6,110	5,380	730	11.9
Asotin	9,390	8,920	470	5.0	8,940	8,470	470	5.3	8,850	8,260	590	6.7
Clallam	22,350	20,290	2,060	9.2	22,440	19,920	2,520	11.2	22,190	20,210	1,980	8.9
Columbia	1,910	1,560	350	18.3	1,730	1,370	360	20.8	2,020	1,630	390	19.3
Cowlitz	35,360	32,560	2,800	7.9	35,110	32,170	2,940	8.4	35,260	32,370	2,890	8.2
Ferry	2,930	2,320	610	20.8	2,790	2,340	450	16.1	2,640	2,210	430	16.3
Garfield	1,040	980	60	5.8	1,040	960	80	7.7	990	920	70	7.1
Grant	22,870	20,420	2,450	10.7	22,490	19,650	2,840	12.6	22,900	19,990	2,910	12.7
Grays Harbor	25,080	22,440	2,640	10.5	25,770	21,970	3,800	14.7	25,660	23,210	2,450	9.5
Island	19,730	18,830	900	4.6	19,340	18,370	970	5.0	18,770	17,820	950	5.1
Jefferson	8,200	7,710	490	6.0	8,060	7,500	560	6.9	7,690	7,180	510	6.6
Kittitas	11,680	10,250	1,430	12.2	11,600	10,150	1,450	12.5	11,920	10,360	1,560	13.1
Klickitat	7,670	6,250	1,420	18.5	7,300	6,000	1,300	17.8	7,350	6,030	1,320	18.0
Lewis	25,220	22,940	2,280	9.0	25,330	22,550	2,780	11.0	23,810	21,500	2,310	9.7
Lincoln	4,230	4,000	230	5.4	4,220	3,980	240	5.7	4,080	3,840	240	5.9
Mason	13,030	12,030	1,000	7.7	12,930	11,770	1,160	9.0	12,780	11,780	1,000	7.8
Okanogan	15,980	13,550	2,430	15.2	15,330	13,040	2,290	14.9	15,680	13,260	2,420	15.4
Pacific	7,380	6,760	620	8.4	7,520	6,560	960	12.8	6,820	6,240	580	8.5
Pend Oreille	3,440	2,970	470	13.7	3,340	2,930	410	12.3	3,050	2,550	500	16.4
San Juan	4,860	4,570	290	6.0	4,610	4,270	340	7.4	4,760	4,470	290	6.1
Skagit	32,860	29,780	3,080	9.4	31,760	28,240	3,520	11.1	32,820	29,250	3,570	10.9
Skamania	2,670	1,990	680	25.5	2,370	1,700	670	28.3	2,560	2,140	420	16.4
Stevens	12,040	10,760	1,280	10.6	11,660	10,530	1,130	9.7	11,410	10,060	1,350	11.8
Wahkiakum	1,170	1,100	70	6.0	1,180	1,080	100	8.5	1,240	1,130	110	8.9
Walla Walla	23,810	21,450	2,360	9.9	23,360	20,890	2,470	10.6	23,250	20,940	2,310	9.9
Wenatchee Labor Area	39,260	34,660	4,600	11.7	38,560	34,130	4,430	11.5	36,920	33,040	3,880	10.5
Chelan County 2/	26,540	23,210	3,330	12.5	25,990	22,860	3,130	12.0	25,390	22,130	3,260	12.8
Douglas County 2/	12,720	11,450	1,270	10.0	12,580	11,280	1,300	10.3	11,540	10,920	620	5.4
Whitman	19,690	19,230	460	2.3	18,880	18,420	460	2.4	17,920	17,400	520	2.9

1/ Official U.S. Department of Labor, Bureau of Labor Statistics data.
2/ Estimates are determined by using the Population/Claims Share disaggregation methodology.
Note: Detail may not add due to rounding

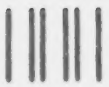
ESTIMATED AVERAGE HOURS AND EARNINGS OF PRODUCTION WORKERS IN MANUFACTURING AND OF NONSUPERVISORY WORKERS IN NONMANUFACTURING ACTIVITIES, STATE OF WASHINGTON

	Prelim Mar Production Workers/ Nonsupervisory Workers	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
		Mar-89	Feb-89	Mar-88	Mar-89	Feb-89	Mar-88	Mar-89	Feb-89	Mar-88
TOTAL MANUFACTURING INDUSTRIES*	205.444	$502.65	$491.13	$476.37	40.7	39.8	40.2	$12.35	$12.34	$11.85
SELECTED MANUFACTURING INDUSTRIES										
Lumber and Wood Products	34.884	$435.44	$387.28	$415.64	38.5	35.4	38.7	$11.31	$10.94	$10.74
Primary Metal Industries	10.122	$555.90	$549.98	$557.76	43.6	42.9	44.8	$12.75	$12.82	$12.45
Fabricated Metal Products	8.668	$471.55	$458.63	$442.57	40.2	39.3	39.2	$11.73	$11.67	$11.29
Machinery	21.919	$381.60	$374.23	$378.68	39.3	38.7	40.2	$9.71	$9.67	$9.42
Food and Kindred Products	22.476	$364.80	$367.41	$344.10	36.7	37.3	37.0	$9.94	$9.85	$9.30
Chemical and Allied Products	4.180	$613.09	$679.10	$604.04	39.1	39.3	39.3	$15.68	$17.28	$15.37
Transportation Equipment	56.992	$648.26	$635.36	$614.54	44.8	44.0	43.4	$14.47	$14.44	$14.16
SELECTED NONMANUFACTURING INDUSTRIES										
Construction	66.067	$613.88	$597.30	$591.38	37.5	36.2	36.8	$16.37	$16.50	$16.07
Wholesale and Retail Trade (does not include eating and drinking establishments)	295.372	$316.86	$312.98	$298.90	32.7	32.4	31.9	$9.69	$9.66	$9.37

* Average hourly earnings for all manufacturing production workers reported in this table do not exactly reflect the official US Bureau of Labor Statistics definition of "wages." While these data still constitute a valid economic indicator series, they should not be used at this time for the negotiation of contracts whose monetary provisions may depend upon official US Bureau of Labor Statistics hourly earning data.

Employment Security Department
KG-11
Olympia WA 98504-5311

Official Business
Penalty for Private Use $300



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